



FACT SHEET

U.S.-Panama Trade Promotion Agreement Missouri Farmers Will Benefit

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The U.S.-Panama Trade Promotion Agreement eliminates tariffs and other barriers on most U.S. goods, increasing export opportunities for agricultural products important to Missouri. With immediate elimination of duties on over 60 percent of current U.S. trade, this agreement changes the one-way street of duty-free access currently enjoyed by most Panamanian exports into a two-way street benefiting both countries. The American Farm Bureau strongly supports the agreement, predicting widespread gains for U.S. agriculture exceeding \$190 million per year.

Missouri's exports to all countries, estimated at \$2 billion in 2007, supported about 17,300 jobs, on and off the farm. These export sales make an important contribution to the Missouri farm economy which had total cash receipts of \$5.6 billion in 2006.

Beef. Cash receipts from the cattle and calf industry totaled \$1.2 billion or 21 percent of the state's total in 2006. This industry will benefit from this agreement.

- Panama will immediately eliminate its 30-percent duty on beef products of most importance to the U.S. beef industry--prime and choice cuts. Panama's tariffs on other cuts of beef will be phased out over 15 years.
- The 10-percent tariff on beef tongues and livers will be eliminated in 5 years, and the 15-percent tariffs on other edible offal will be eliminated immediately.
- Panama has already implemented our December 2006 bilateral agreement on sanitary and phytosanitary (SPS) measures, reopening its market to U.S. beef by bringing its import requirements related to BSE into compliance with international standards.
- Panama also accepted the equivalence of the U.S. meat inspection system, which allows U.S. inspectors to certify beef for export to Panama without having each facility and shipment inspected by Panamanian authorities.

Soybeans and Products. Panama is the twelfth largest export market for U.S. soybean meal with exports for the most recent three years averaging 109,000 tons valued at \$24.7 million. Missouri soybean farmers will benefit from this agreement, because soybeans

are the second largest source of cash receipts in the state at \$1 billion and soybeans and products are the state's top agricultural export.

- Panama's current zero-tariff treatment for soybeans and soybean meal will be locked in place immediately upon implementation of the Agreement.
- The current zero-tariff treatment for crude soybean oil will also be locked in place immediately, while the 20-percent tariff on refined soybean oil will be phased out in 15 years.

Feed Grains. Corn is the state's third largest source of farm cash receipts at \$733 million in 2006. Missouri corn farmers and growers of other feed grains will benefit from this agreement.

- Panama will provide immediate duty-free access within a tariff-rate quota (TRQ) for 298,700 tons of U.S. corn that will grow at a rate of 3 percent each year. The 40-percent over-quota tariff will be eliminated in 15 years.
- Panama will eliminate its 15-percent tariff on sorghum in 5 years.
- The current zero-tariff treatment for crude corn oil will be locked in place immediately and Panama will provide immediate duty-free access for refined corn oil within a 368-ton TRQ that grows each year by 5 percent. The 30-percent over-quota tariff will be phased out within 10 years.

Pork. With cash receipts of \$581 million in 2006, Missouri's hog farmers will benefit from this agreement.

- Panama will provide immediate duty-free access within preferential TRQs for 2,554 tons of U.S. pork products, including 1,600 tons of fresh and frozen pork cuts, 636 tons of pork fat and bacon, and 318 tons of processed pork. Most of these products currently face tariffs of 70 percent. The TRQ quantities will expand and the over-quota tariffs will be eliminated in 15 years.
- Panama will also eliminate its 10-percent tariff on pork variety meats immediately on entry into force of the Agreement.
- In addition, Panama has already implemented our December 2006 bilateral agreement on SPS measures by recognizing the equivalence of the U.S. meat inspection system, allowing U.S. inspectors to certify pork for export to Panama without having each facility and shipment inspected by Panamanian authorities.
- The National Pork Producers Council supports the Agreement, saying "This agreement will contribute greatly to the bottom line of U.S. pork producers by opening up new market access to more than 3 million additional consumers in the Western Hemisphere."

Poultry Meat. Missouri's turkey industry generated cash receipts of \$317 million in 2006. The turkey and broiler industry will gain from the Panama FTA.

- Panama will eliminate its 15-percent duties on turkey meat immediately for frozen whole turkeys and most frozen turkey cuts. The 15-percent tariffs on

processed turkey and chicken will be eliminated within 5 years.

- The 260-percent tariff currently applied to chicken cuts will be eliminated immediately for mechanically de-boned chicken, within 5 years for wings and 10 years for other chicken cuts except leg quarters.
- Panama will provide immediate duty-free access within a preferential TRQ for chicken leg quarters that starts at 660 tons and grows each year by 10 percent. The 260-percent over-quota tariff will be eliminated in 18 years.
- U.S. poultry exporters will continue to have access to the global 756-ton TRQ for chicken cuts that is part of Panama's World Trade Organization (WTO) commitments.
- In addition, Panama has already implemented our December 2006 bilateral agreement on SPS measures by recognizing the equivalence of the U.S. poultry inspection and disease monitoring systems, allowing U.S. inspectors to certify poultry for export to Panama without having each facility and shipment inspected by Panamanian authorities.

Rice. As one of the largest exporters of rice in the nation, Missouri rice producers will benefit from this agreement.

- Panama will provide immediate duty-free access within TRQs for 12,190 tons of U.S. rice, including 7,950 tons of rough rice and 4,240 tons of milled rice. The 90-percent over-quota tariffs will be eliminated in 20 years and the TRQ quantities will grow by 6 percent each year.
- U.S. rice exporters will continue to have access to the global 9,711 ton TRQ for rice that is part of Panama's WTO commitments.
- Panama has also committed to increase the size of the preferential TRQs when it has a short supply situation, as has occurred in recent years.